



HISTORICAL SKETCH

OF

The British America
Assurance Company

BY

J. CASTELL HOPKINS, F.S.S.

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Age in business or financial institutions is a most important consideration and is becoming more and more so in this period of great activity and competition, of large profits and sometimes early collapse. Financial age in these days is apt to mean stability and safety for the public, integrity and skill in management, accumulated experience in business detail, and more than average certainty of good returns. In this connection and in Canadian Insurance history the "British America" is notable. At a time when William IV. was King—before the Rebellion of 1837 had occurred or the Union of Upper and Lower Canada been consummated or the national structure of Confederation more than dreamed of—the British America Fire and Life Insurance Company was born in what was then the small, straggling, un-incorporated town of York. The oldest Fire Insurance Company in Canada—except the Quebec Fire, which was organized in 1816—and the oldest existing financial institution in Ontario, the British America was formed in 1833 and was incorporated by

Parliament of Upper Canada on Feb. 13 of that year with a large number of incorporators (52 in all) which included most of the representative men of the place in those pioneer days.

Some of the names covered careers then only in the early stages of evolution; others were prominent. Amongst them were the Hon. R. B. Sullivan and Hon. C. A. Hagerman, politicians and Judges; Bishop Strachan, ecclesiastic and politician and educationalist; W. B. Jarvis, Sheriff of York; Hon. John Rolph, Hon. H. J. Boulton and Hon. John Elmsley, political and social leaders; S. P. Jarvis, J. G. Chewitt, C. J. Baldwin, William Proudfoot, and other well-known men. The Charter gave the right to do either a Life or Fire business though the former privilege was little used. The right of granting annuities was also given. The Capital Stock was placed at £100,000—about \$400,000 in the currency of the period—with £25,000 to be subscribed before organization and 10 per cent. to be paid before business was commenced. Not more than 80 shares of £12 10s. each were to be held by any one person and the meetings of the Board of Directors were to be held weekly.

Under the Charter there was to be a Governor and a Deputy-Governor in place of the modern President and Vice-President

and this style was maintained until 1893; the stockholders voted according to the shares held—1 vote for each share up to 4, 5 votes for 6 shares, 6 votes for 8 shares, 7 for 10, and one for every share above 10. No proxies were allowed outside of Upper Canada. Following these preliminaries a public meeting was held to promote the organization of the new and, in those days, very important enterprise. The following record is from the *Upper Canada Gazette* of Mch. 6, 1834:

FIRE ASSURANCE COMPANY.

At a Meeting convened by public notice, held at the Court House in the Town of York on Tuesday, 4th March instant.—The Honourable William Allan, being called to the Chair, the following Resolutions were adopted:

Resolved: That in the opinion of this meeting, the period has arrived, which renders it highly necessary for the protection of the Inhabitants of this Province against calamities which may arise from the loss of property by Fire, to establish a Fire Assurance Company.

Resolved: That an Act of Incorporation having been passed in the Third Session of the Eleventh Parliament of this Province entitled "An Act to Incorporate a Company under the style and title of the British America Fire and Life Assurance Company" it is deemed expedient that a Company should be established, with as little delay as possible, under the Provisions of the said Act, the operations of which shall, in the first instance, be confined to effecting Assurances against loss from Fire.

Resolved,—That for the accomplishment of this object and with a view to compliance with the provisions of the said Act, a Committee of six persons be now appointed to take the necessary measures for causing Books of Subscription to be opened at the several Towns throughout the Province, named in the second clause of the said Act.

Resolved,—That the said Committee consist of The Hon. W. Allan, George Monro, Wm. Proudfoot, Wm. H. Draper, Wm. Gamble and D'Arcy Boulton, Esqrs.

Resolved,—That the said Committee so soon as the said Books of Subscription are returned to them, shall call a meeting of the Subscribing Stockholders, at York, for the purpose of taking such further measures as may be necessary, for carrying into immediate effect the provisions of the said Act of Incorporation.

R. STANTON,
Secretary.

York, 4th March, 1834.

These and other efforts were successful, eventually, and the 1st meeting of the new Association took place on Nov. 17th, 1834, when the Directors elected were John Ewart, Peter Paterson, Hon. W. H. Draper, William Gamble, Isaac Buchanan, Hon. J. H. Dunn, George Percival Ridout, James Newbigging, W. B. Jarvis, Dr. Burnside, B. Thorne, W. Proudfoot, George Monro, and John S. Baldwin. Mr. Proudfoot was chosen Governor and Mr. Baldwin Deputy Governor; T. W. Birchall, a prominent dry goods merchant of the time, was appointed Managing-Director and W. H. Draper (afterwards Chief Justice of Upper Canada) became the first Solicitor; John King, M.D., was selected as Medical Adviser, evidently with the intention of carrying on Life

Insurance. Shortly after this time the legal firm of William and Clarke Gamble which had been instrumental in obtaining the Charter was put in charge of the Company's legal business and with individual changes has been associated with it ever since—Mr. H. D. Gamble being the Solicitor in 1912. The Bank of Upper Canada were the Company's bankers. Business commenced on June 19, 1835, with a paid-up capital of \$42,915 and in 1836 the Hon. William Allan, long a prominent figure in the public life of the Province, succeeded Mr. Proudfoot as Governor—a post which he held until 1854. The Company at first had its offices at the corner of George and Duke Streets in the residence of Mr. Birchall; in 1864 it moved to the corner of Church and Court Streets where operations were carried on until 1876; in the latter year the commodious building at the corner of Front and Scott Streets was occupied.

The By-Laws of the Company were adopted on June 2, 1835, and contain many curious illustrations of the method of transacting business in pioneer days. There was to be a weekly Committee of three Directors who were to sit daily in the Office at the hour of ten in the morning for the purpose of granting and signing policies; no policy was to be granted to any person not a shareholder until the capital stock was all taken up, or until otherwise provided. In the stormy days of 1837 the Minute Books of the Company entirely disappeared although those of 1836 and 1839 have been preserved. It was a little after this time that the Secretary of the Company in recording a Board Meeting, with almost every Director present, wrote as follows: "The Board very full except Mr. —, of Montreal"! In October, 1842, the Company was authorized by the new Legislature of Canada (Upper and Lower Canada) to extend its operations to Inland Marine Insurance and by an Act in August, 1851, these powers were further extended to include Ocean Marine insurance. In 1853, by 16 Vict. Chap. 68, the name of the Company was changed to that of the British America Assurance Co. which it still holds to-day—nearly 60 years afterwards.

This was a stormy period in the history of the country and the youthful Insurance Company had its full share of ups and downs. Most of the business of the Provinces was in the hands of British Companies who appointed mercantile houses as their representatives with power limited only in the rates of premium which were fixed in England. The competition of known, long-established, and wealthy British companies, added to troublous political conditions which in these small communities often created strained personal relations, obviously made the task of the new local Company far from easy. It had, of course, a considerable local support assured to it through a large Board of Directors representing, what was called up to Confederation days, the Court

of Proprietors. They were all men of social or commercial standing and, no doubt, brought considerable business with them. Some notable names in the years 1835-1867 (aside from those of the first Board already given) were as follows: Thomas Helliwell, Theodore Hart, J. S. Macaulay, Samuel Ridout, W. Cawthra, William Gamble, Alexander Dixon, A. Hamilton, Augustus Baldwin, G. Duggan, Jesse Ketchum, Hon. J. H. Hagarty (long afterwards Chief Justice of Ontario), J. D. Ridout, Lieut.-Colonel G. T. Denison (1849) and Peter Diehl. The student of history will find these names interesting. The Deputy-Governors during this period were the Hon. Dr. C. Widmer, G. P. Ridout, Hon. James Gordon, William Proudfoot and P. Paterson.

In March and April, 1854, a Committee of the Company—G. P. Ridout and P. Paterson—anticipated the reality of 20 years later by investigating business conditions in the United States with a view to creating Branches in that country. They visited Buffalo, Cleveland, Rochester, Oswego, New York, Syracuse, Albany, Boston and Philadelphia and reported on their return without, however, any definite action being taken at the time. In the light of modern figures the results of the Company's early operations appear small but they were not really so. The capital (paid up) grew to \$51,640 in 1840, to \$140,358 in 1845 and \$179,344 in 1850, to \$180,000 in 1855 and to \$200,000 in 1865. During these years the Company had to face the somewhat inert and unprogressive condition of business in the Canadas—aided though the Provinces were by the War prices of the early Fifties and the early Sixties. They had also to meet the competition of the British Companies; though not to any serious extent, in these years, of United States concerns. In 1867 when the Provinces of British America entered upon a new life of union, the British America Assurance Co. had total assets of \$252,534, a paid-up capital of \$200,000, Premiums in the Fire Department of \$112,028 and in the Marine Department of \$41,503. The Directors elected in this year were G. P. Ridout, Peter Paterson, E. H. Rutherford, Hon. G. W. Allan, Hon. W. Cayley, G. J. Boyd, T. C. Street, R. S. Cassels and A. Joseph. The Premiums of the Company from 1834 to this date and on to 1873, inclusive, were stated at \$4,814,532 and the total Losses or payments to Policyholders at \$3,163,599.

After Confederation, and up to 1892 when a complete re-organization of the Company took place, there was steady progress in its business although the unavoidable difficulties of current seasons of depression such as those of 1874-79, and events such as the St. John fire of 1877, had their influence upon its business. The paid-up Capital Stock which in 1870 was \$200,000 grew in 1875 to \$336,495; in 1878 it was increased to \$500,000. Meanwhile, in 1872, T. W. Birchall, who had been Managing-

Director since the inception of the Company, retired owing to ill-health, and from 1873 to 1881 F. A. Ball was Manager. In 1881 L. H. Bault was Acting-Manager and in the next year the management passed into the hands of Silas P. Wood as Secretary. George E. Robins succeeded him in 1886-8 and thence up to the re-organization there was no official in charge except the Governor. Between 1854 and 1873 G. P. Ridout had held this latter position; in 1873-82 Peter Paterson was Governor; in 1882-92 John Morison filled the position and, latterly, held the management of the Company.

In 1874 the British America branched out in its business and established agencies throughout the United States. Licenses to operate were obtained in most of the States and, by 1910, the only ones excepted were Arkansas, California, Mississippi, Nevada, Oregon, South Dakota and Tennessee. By 1912 the Company was operating also on the Continent of Europe, in Great Britain, Mexico, Porto Rico, Honolulu, Batavia, Japan, the Philippines, Java, Egypt, India, Burmah, Ceylon, China, Hong Kong, Antigua and Bermuda. Prior to 1872 the competition between British, United States and Canadian Fire Companies had become so excessive and close as to make business unprofitable, or unsatisfactory, and they now agreed almost unanimously to form an Association for the adoption of united action, uniform rates and a better classification of hazards. The results were considered beneficial and in succeeding years Canadian Companies gradually obtained a surer footing. Their total business in the 29 years from 1869 to 1897 was \$3,417,036,961 in the amount of policies taken, \$32,682,165 in the Premiums received, and \$23,289,020 in the Losses paid. The British Companies did three times this business in the years mentioned and the United States Companies commenced to make their mark by doing about one-third of the Canadian total. The position of the British America Company on Jan. 1, 1876, showed total Assets of \$877,635 which by 1888 had grown to \$1,147,919. The Fire Premiums in 1888 were \$749,943 and the Marine Premiums \$86,325.

An interesting incident took place on Aug. 22nd, 1877, when a Luncheon was held after the annual meeting and attended by a number of distinguished persons including the Rt. Hon. Sir John A. Macdonald, K.C.B., who was destined in another year to be again Prime Minister of Canada. Amongst the speakers were General Walker of Georgia, Chief Justice R. A. Harrison of Ontario, Mr. Justice (afterwards Sir) George W. Burton. Sir John Macdonald made one of his characteristic speeches with the following specific reference to the British America Assurance Co.: "He had insured everything he had in the world in the British America and therefore he, at least, hoped the Company would not 'go to blazes' before he did. He was proud of the Company; it

was a credit to Canada. It had had its hard times, as indeed what enterprise had not, but it had passed safely through them all, and to-day was more prosperous than ever, and this was, he believed, but the natural result of the careful, straightforward, honest course the Company had ever adopted." In this year, it may be added, the total Assets of the Company were \$1,083,443, the total Premiums received \$700,621, the Fire and Marine Losses \$413,066.

At the annual meeting of Feb. 19, 1890, the Governor of the Company was able to state that its entire business for 1889 had been done at an expense ratio of 31 3-10 per cent. which was, he added, the lowest of any Stock Company doing a similar agency business in America. In 1891 the gross Assets were \$1,076,306, the Fire Premiums \$711,707 and Marine Premiums \$53,350 and the total payments to policyholders since organization was \$11,899,921. Some of the Directors who came and went during the period between 1867 and 1892 were Peleg Howland, Very Revd. Dean Grasett, Hugh McLennan of Montreal, C. D. Warren, Henry Taylor, John Gordon, George Boyd, G. H. Smith, and John Leys. The Board at the beginning of 1892, when new conditions developed, was composed of J. Morison, Governor, J. Y. Reid, Deputy-Governor, Thomas Long, H. Robertson, M.D., A. Myers, T. H. Purdon, J. Morison, Jr., G. M. Kinghorn and J. M. Whiton (New York).

In this year it was decided to increase the Capital Stock from \$500,000 to \$750,000, the authorized Capital Stock to \$1,000,000, and to make some arrangement of co-operation with the Western Assurance Company, which had been established in 1851, and was at times competitive in business. New men came into the British America and on the Board while Messrs. Reid, Whiton and Morison Jr., retired. A new management was organized and a working arrangement made with the Western by which the two Companies maintained their separate identities but passed under the same control. Mr. J. J. Kenny, who had served as Inspector, Secretary and finally as Managing-Director, of the Western, was also appointed Vice-President (or Deputy Governor as the office remained until Parliamentary right to change was obtained by 56 Vict. Chap. 75) and Managing-Director of the British America. At the same time Messrs. George A. Cox, A. M. Smith and S. F. McKinnon were also appointed to the Board.

On Feb. 15, 1893, the 59th annual meeting was held and Mr. (afterwards Senator) Cox explained the issue of \$250,000 of new stock at a premium of 15 per cent. and submitted a statement which showed the total Income of the Company in the past 20 years, ending Dec. 31, 1892, as \$16,151,579, the losses and expenses as \$15,015,637 and the dividends paid to shareholders as \$798,140, or within a fraction of an average of 9 per cent. per annum. Mr. Kenny indicated good reasons for the future

co-operation of the British America and the Western. The new Board was composed of George A. Cox, S. F. McKinnon, A. M. Smith, Thomas Long, John Hoskin, q.c., Robert Jaffray, Augustus Myers, H. M. Pellatt and J. J. Kenny. Mr. Cox was elected Governor (or President as it soon became) and has remained so ever since; Mr. Kenny remained Managing-Director until 1906 when he retired and was succeeded by Mr. W. B. Meikle who had been for some years Manager of the Manchester Fire Office business in India and the East, and Marine Underwriter for the Triton Insurance Company of India. Since 1900 he had been British and Foreign Manager of the British America and Western Companies in London and he now (Jan. 1, 1907) assumed the General Management of both concerns in Toronto. Mr. P. H. Sims was, in 1892, appointed Secretary of the British America and held the position until his retirement in 1912.

Meanwhile the Company faced the depression of 1893, shared in the prosperity following 1897, lost considerably in the Baltimore and Toronto fires of 1904, and largely in the San Francisco disaster of 1906. In the 1893 annual Report the Directors stated that the losses had been larger than expected but in ratio to premiums were considerably below the average of all Companies doing business in Canada. The 1894 business showed a great improvement and the President (Feb. 22, 1895) took occasion at the annual meeting to deprecate certain current proposals for municipal Fire Insurance. Under such conditions no City suffering from a conflagration could hope to re-build. The Toronto fires of January and March, 1893, under which the Insurance Companies in Canada paid \$1,600,000 in losses, had its effect upon the Company's business but compensation came from the United States and the net result was favourable. The Canadian business of the Company in 1896 was better than the United States branches showed and Senator Cox was able to say on Feb. 18, 1897, that "the British America is attaining in the field of fire underwriting in the Dominion that position which we have always felt it should occupy." In this latter year the Canadian business of the Agricultural Insurance Co. of Watertown, N.Y., was assumed. The 1898 business suffered somewhat from the New Westminster fire of September and the Marine branch from exceptionally disastrous storms. During the five years, 1894-8, the total profits of the Company in revenue account had, however, been \$349,000.

During 1900 the paid-up Capital Stock was increased to \$1,000,000—the additional \$250,000 being allotted and taken up at a premium of 15 per cent. On Dec. 1st (1899) a Branch Office in conjunction with the Western Company was established in London, England, with the Earl of Aberdeen as Chairman—afterwards succeeded by the Rt. Hon. Sir J. H. Kennaway, Bart. The experiences of this year (1900) included a share in the Hull

and Ottawa fires. In 1901 the Companies in Canada, generally, took steps to advance their rates and the process continued during the following year when the returns showed improvement. Favourable profits in the next year or two were followed by the Baltimore and Toronto conflagrations of 1904 which compelled the shareholders, at a special General Meeting on June 8th, to write \$500,000 off the Capital Stock followed by the issue of \$350,000 of new Stock of which all but \$14,604 was paid up by the close of the year. The security to the policyholders was maintained intact and the Premium Income of the year was the largest in the Company's history.

The year 1905 proved a most satisfactory one but was followed by the greatest disaster which the Fire Companies of this Continent had ever encountered—the San Francisco conflagration of 18th April, 1906, which involved an Insurance loss of \$250,000,000. The losses of the British America totalled \$1,029,025. Unlike so many other Companies interested its management met the issue boldly. Without taking advantage of technicalities, of compromises in the face value of policies, or of the fact that the earthquake preceded the fire, this Canadian Company paid every loss at 100 cents in the dollar. A special meeting was held, \$550,000 of Cumulative Preference Stock was issued at a premium of 25 per cent. and taken up (\$687,500) before the close of the year by a group of Toronto financial men—Hon. G. A. Cox, W. R. Brock, Sir William Mackenzie, Frederic Nicholls, Col. Sir Henry Pellatt, E. R. Wood, Alexander Laird, Sir Donald Mann, *et al.* As Senator Cox said at the annual meeting of 1907: "Notwithstanding the very serious losses sustained by the Company in that catastrophe I am proud to say that we have been able to provide for every one of our claims in full." The authorized Capital Stock was increased at this time from \$2,000,000 to \$3,000,000.

In 1907 when Mr. Meikle had taken charge of the business a careful revision of the Company's insurance was made and liabilities in congested centres of Canada and the United States were greatly reduced. The Company also decided to retire from the insurance of Hulls upon the Great Lakes. The re-organization of the Fire underwriting continued in 1908 when large fires occurred at Fernie, B.C., and Three Rivers, P.Q., while on Feb. 20, the Marine business of the Company was finally closed out and all liabilities re-insured. With the year 1909 business commenced to improve and the net profits totalled \$213,111—the largest since organization. It may be added here that in 1882 (45 Vict. Chap. 99) several Acts relating to the British America Assurance Co. were amended and consolidated; the old-time Charter was repealed and new regulations, uniform with those of other Fire Companies in Canada, were substituted. In 1906 there had been an increase in the number of Directors and a change in the

personnel. Senator Cox was re-elected President, Mr. W. R. Brock became Vice-President, and the following were also elected to the Board: Robert Bickerdike, M.P., Montreal, E. W. Cox, D. B. Hanna, John Hoskin, K.C., LL.D., Alex. Laird, Z. A. Lash, K.C., LL.D., Augustus Myers, George A. Morrow, Frederic Nicholls, James Kerr Osborne, Colonel Sir Henry Pellatt, C.V.O., W. B. Meikle and E. R. Wood. In 1909 Dr. John Hoskin, K.C., was made an additional Vice-President but in 1910 retired to take a seat on the London Board. John Sime was at this time appointed Assistant General-Manager. There was no change in the Board during these latter years.

By the close of 1911 this Company, which started in such a small way 78 years before, had a joint stock authorized capital of \$3,000,000, a paid-up capital of \$1,400,000, and a total Insurance in force of \$277,685,611 (1910) of which \$215,949,099 was outside of Canada. It had withstood the shocks of a period in which Fire Insurance organizations on this continent had risen and fallen in immense numbers—over 1,600 having retired from business in the past 40 years alone; it had paid out in losses to policyholders since its foundation the huge sum of \$35,459,275. The British America had, in short, been part and parcel of the business history, the early financial activities, the municipal and metropolitan development of Toronto; it had been associated with the pioneer and testing days of Ontario's foundation and growth; it has had a career closely connected with many important pages of the nation's record; it should have a future development in harmony with its long and honourable past.